

Internal Revenue Service, Treasury

§ 1.41-0

loss in the energy content of the ethanol, is considered for purposes of section 40(b)(1)(B) to be a mixture of gasoline and the ethanol used to produce the ETBE, even though the ethanol is chemically transformed in the production of ETBE and is not present in the final product.

[T.D. 8291, 55 FR 8948, Mar. 9, 1990]

§ 1.41-0 Table of contents.

This section lists the table of contents for §§ 1.41-1 through 1.41-9.

§ 1.41-1 Credit for increasing research activities.

- (a) Amount of credit.
- (b) Introduction to regulations under section 41.

§ 1.41-2 Qualified research expenses.

- (a) Trade or business requirement.
 - (1) In general.
 - (2) New business.
 - (3) Research performed for others.
 - (i) Taxpayer not entitled to results.
 - (ii) Taxpayer entitled to results.
 - (4) Partnerships.
 - (i) In general.
 - (ii) Special rule for certain partnerships and joint ventures.
- (b) Supplies and personal property used in the conduct of qualified research.
 - (1) In general.
 - (2) Certain utility charges.
 - (i) In general.
 - (ii) Extraordinary expenditures.
 - (3) Right to use personal property.
 - (4) Use of personal property in taxable years beginning after December 31, 1985.
- (c) Qualified services.
 - (1) Engaging in qualified research.
 - (2) Direct supervision.
 - (3) Direct support.
 - (4) Wages paid for qualified services.
 - (i) In general.
 - (2) "Substantially all."
- (e) Contract research expenses.
 - (1) In general.
 - (2) Performance of qualified research.
 - (3) "On behalf of."
 - (4) Prepaid amounts.
 - (5) Examples.

§ 1.41-3 Base amount for taxable years beginning on or after January 3, 2001.

- (a) New taxpayers.
- (b) Special rules for short taxable years.
 - (1) Short credit year.
 - (2) Short taxable year preceding credit year.
 - (3) Short taxable year in determining fixed-base percentage.
- (c) Definition of gross receipts.

- (1) In general.
- (2) Amounts excluded.
- (3) Foreign corporations.
- (d) Consistency requirement.
 - (1) In general.
 - (2) Illustrations.
 - (e) Effective date.

§ 1.41-4 Qualified research for expenditures paid or incurred in taxable years ending on or after December 31, 2003.

- (a) Qualified research.
 - (1) General rule.
 - (2) Requirements of section 41(d)(1).
 - (3) Undertaken for the purpose of discovering information.
 - (i) In general.
 - (ii) Application of the discovering information requirement.
 - (iii) Patent safe harbor.
 - (4) Technological in nature.
 - (5) Process of experimentation.
 - (i) In general.
 - (ii) Qualified purpose.
 - (6) Substantially all requirement.
 - (7) Use of computers and information technology.
 - (8) Illustrations.
- (b) Application of requirements for qualified research.
 - (1) In general.
 - (2) Shrinking-back rule.
 - (3) Illustration.
 - (c) Excluded activities.
 - (1) In general.
 - (2) Research after commercial production.
 - (i) In general.
 - (ii) Certain additional activities related to the business component.
 - (iii) Activities related to production process or technique.
 - (iv) Clinical testing.
 - (3) Adaptation of existing business components.
 - (4) Duplication of existing business component.
 - (5) Surveys, studies, research relating to management functions, etc.
 - (6) Internal use software for taxable years beginning on or after December 31, 1985. [Reserved].
 - (7) Activities outside the United States, Puerto Rico, and other possessions.
 - (i) In general.
 - (ii) Apportionment of in-house research expenses.
 - (iii) Apportionment of contract research expenses.
 - (8) Research in the social sciences, etc.
 - (9) Research funded by any grant, contract, or otherwise.
 - (10) Illustrations.
 - (d) Recordkeeping for the research credit.
 - (e) Effective dates.

§ 1.41-0T

§ 1.41-5 Basic research for taxable years beginning after December 31, 1986. [Reserved]

§ 1.41-6 Aggregation of expenditures.

- (a) Controlled groups of corporations; trades or businesses under common control.
 - (1) In general.
 - (2) Consolidated groups.
 - (3) Definitions.
 - (b) Computation of the group credit.
 - (1) In general.
 - (2) Start-up companies.
 - (c) Allocation of the group credit.
 - (1) In general.
 - (2) Stand-alone entity credit.
 - (d) Special rules for consolidated groups.
 - (1) In general.
 - (2) Start-up company status.
 - (3) Special rule for allocation of group credit among consolidated group members.
 - (e) Examples.
 - (f) For taxable years beginning before January 1, 1990.
 - (g) Tax accounting periods used.
 - (1) In general.
 - (2) Special rule when timing of research is manipulated.
 - (h) Membership during taxable year in more than one group.
 - (i) Intra-group transactions.
 - (1) In general.
 - (2) In-house research expenses.
 - (3) Contract research expenses.
 - (4) Lease payments.
 - (5) Payment for supplies.
 - (j) Effective/applicability date.
 - (1) In general.
 - (2) Consolidated group rule.
 - (3) Taxable years ending on or before December 31, 2006.

§ 1.41-7 Special rules.

- (a) Allocations.
 - (1) Corporation making an election under subchapter S.
 - (i) Pass-through, for taxable years beginning after December 31, 1982, in the case of an S corporation.
 - (ii) Pass-through, for taxable years beginning before January 1, 1983, in the case of a subchapter S corporation.
 - (2) Pass-through in the case of an estate or trust.
 - (3) Pass-through in the case of a partnership.
 - (i) In general.
 - (ii) Certain expenditures by joint ventures.
 - (4) Year in which taken into account.
 - (5) Credit allowed subject to limitation.
 - (b) Adjustments for certain acquisitions and dispositions—Meaning of terms.
 - (c) Special rule for pass-through of credit.
 - (d) Carryback and carryover of unused credits.

§ 1.41-8 Alternative incremental credit.

- (a) Determination of credit.

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- (b) Election.
 - (1) In general.
 - (2) Time and manner of election.
 - (3) Revocation.
 - (4) Special rules for controlled groups.
 - (5) Effective/applicability dates.

§ 1.41-9 Alternative simplified credit.

[Reserved] For further guidance, see the entries for § 1.41-9T in § 1.41-0T.

[T.D. 8930, 65 FR 287, Jan. 3, 2001, as amended by T.D. 9104, 69 FR 26, Jan. 2, 2004; T.D. 9205, 70 FR 29601, May 24, 2005; T.D. 9296, 71 FR 65725, Nov. 9, 2006; T.D. 9401, 73 FR 34187, June 17, 2008]

§ 1.41-0T Table of contents (temporary).

This section lists the table of contents for §§ 1.41-6T, 1.41-8T, and 1.41-9T.

§ 1.41-6T Aggregation of expenditures (temporary).

- (a) [Reserved] For further guidance, see the entry for § 1.41-6(a) in § 1.41-0.
- (b) Computation of the group credit.
 - (1) In general.
 - (2) [Reserved] For further guidance, see the entry for § 1.41-6(b)(2) in § 1.41-0.
 - (c) Allocation of the group credit.
 - (1) [Reserved] For further guidance, see the entry for § 1.41-6(c)(1) in § 1.41-0.
 - (2) Stand-alone entity credit.
 - (d) [Reserved] For further guidance, see the entry for § 1.41-6(d) in § 1.41-0.
 - (e) Example.
 - (f) through (i) [Reserved] For further guidance, see the entries for § 1.41-6(f) through (i) in § 1.41-0.
 - (j) Effective/applicability dates.

§ 1.41-8T Alternative incremental credit (temporary).

- (a) [Reserved] For further guidance, see the entry for § 1.41-8(a) in § 1.41-0.
- (b) Election.
 - (1) In general.
 - (2) Time and manner of election.
 - (3) Revocation.
 - (4) Special rules for controlled groups.
 - (i) In general.
 - (ii) Designated member.
 - (5) Effective/applicability dates.

§ 1.41-9T Alternative simplified credit (temporary).

- (a) Determination of credit.
- (b) Election.
 - (1) In general.
 - (2) Time and manner of election.
 - (3) Revocation.
 - (4) Special rules for controlled groups.
 - (i) In general.
 - (ii) Designated member.
 - (c) Special rules.